

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:5763
ANSWERED ON:03.05.2005
TYRE INDUSTRY
Reddy Shri K. Jayasurya Prakash

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the tyre industry has been facing unabated increase in the cost of inputs particularly raw materials;
- (b) if so, the reasons therefor;
- (c) the steps taken by the Government to remove the bottlenecks in the tyre industry;
- (d) whether 65% of the raw materials of the tyre industry are petro-bases; and
- (e) if so, the efforts made by the Government to find alternative for petro-bases and the outcome thereof?"

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY(SHRI E.V.K.S. ELANGO VAN)

- (a) & (b): Yes Sir. There has been an increase in prices of raw materials like Natural Rubber, petro-based raw materials and steel. This to a large extent reflects increase in prices of these products in the world market.
- (c),(d) & (e) With the lifting of quantitative restrictions, Tyre Industry has easy access to inputs at customs duty rates as applicable. The budget for 2005-06 has further reduced peak customs duty rates from 20 to 15 per cent and a large number of petro chemicals and chemical items attracting customs duty of 10 / 5 per cent. These measures will help the Tyre Industry to source its input requirements.